

**SUMMARY OPEN-SESSION MINUTES  
CALIFORNIA SCHOOLS  
VOLUNTARY EMPLOYEES BENEFITS ASSOCIATION (VEBA)  
November 1, 2017  
5:00 p.m. – 6:00 p.m.**

**Members Present:** Ethel Larkins, Leticia Munguia, Robin Watkins, Ron Reese, Ursula Salbato, Steve Boyle, Nadine Bennett, Laura Bowen, Mark Anderson, Barbara Collins, Greg Ottinger, Ronda Walen, Brian Marshall

**Members Absent:** Lora Duzyk, Katie Dexter

**Consultant:** Ron Mason (Tall Pine Consulting, LLC)

**Administrative Staff:** George McGregor, Annemieke Tomey, Matthew Bittner, Lurinda Green, Laura Josh, Heather Simonson, Dr. Michael Carey, Rick Winet

**Guests:** Todd Hesse, Ibis Rodriguez (Kaiser); Dot Taylor (North County CTA-R), Christine Caloza (UHC), Harris Zeyae (ESI)

The open-session meeting was called to order by Robin Watkins at 5:21 p.m. A quorum was present.

**Opening Comments from Co-Chairs**

Robin Watkins and Brian Marshall welcomed the Board Members, Consultant, Administrative Staff, and Guests. Ms. Watkins announced that the November 29, 2017 board meeting has been canceled.

Ethel Larkins left at 5:23 p.m.

**Approve Minutes:**

Draft minutes of the September 27, 2017, open-session Board meeting were reviewed.

**MOTION:** (Mark Anderson) Approval of the September 27, 2017 open-session minutes. Seconded by Nadine Bennett and approved.

**Administrator's Report:**

Annemieke Tomey reviewed the VEBA financial statements and disbursements report for August 2017.

**MOTION:** (Leticia Munguia) Approval of the financial statements and disbursements report for August 2017. Seconded by Nadine Bennett and approved.

**Open Enrollment Update**

Heather Simonson presented the 2017 open enrollment update to the Board. She reviewed the 133 open enrollment meetings scheduled between August 14<sup>th</sup> and November 16<sup>th</sup> for 59 Districts. Ms. Simonson also noted the addition of 27 open enrollment meetings scheduled to accommodate the County of San Diego and Grossmont Union High School District.

## **Consultant's Report:**

Ron Mason presented the following claims updates:

- **Prescription Drugs**
  - Specialty drug trend actually dropped in August and September as monthly claims for those drugs decreased by 30%;
  - Since February 1<sup>st</sup>, VEBA's net overall trend has been running <7% on an annualized basis. This is composed of a 12% annualized trend on specialty drugs and a 4.3% trend on non-specialty drugs;
  - A new Hepatitis C drug called Mavyret has come to market. It appears to treat all genotypes and will be priced about 45% below existing competitors. This should have some impact in modifying specialty trend.
  
- **Home Delivery and Smart90**
  - Over 12 quarters, the % of days' supply for maintenance drugs has held steady at 51%-54%;
  - Smart90 (the % figures shown above each column) has continued to grow at the expense of home delivery. Smart90 is up to about 12.9% of all the days' supply dispensed in the ESI plan.
  
- **HMO**
  - August costs were high due to increasing FFS claims;
  - Large FFS claims grew by about 20% in the last 12 months even as our FFS population declined by 5%;
  - After the close of 2017, TPC will determine the source of these claims and diagnostic information. Right now, 5 of the 6 largest claims are for MDC 1 (nervous system) which includes strokes, seizures, spinal disorders, and MS;
    - Facts at a glance:
      - 137 claimants (0.3% of members but 1% of FFS members) over \$50,000 accounted for 44% of FFS claims and 9% of total claim costs;
      - Capitation cost per member per month (PMPM) for most recent vs. prior 12 month period: 3.3%;
      - Aggregate paid claim/cap trend on a rolling 12-month basis: 6.1% which includes design changes and new lives on a paid claim basis (but incorrect caps).
  
- **PPO/EPO/Out of Area (non-CA participants)**

Claims continued to be favorable for this population primarily made up of out-of-state retirees and students.

  - Facts at a glance:
    - 14 claimants (3.3% of members) incurred 42% of FFS costs;
    - Members with claims of \$25,000+ average \$64,286;
    - Members with claims <\$25,000 average \$3,060.

- **PPO/CA**

FFS claims continued up as premiums reduced for districts that pay UHC tenthly. There were fewer large claims, but the dollar volume increased.

- Facts at a glance
  - 90 claimants (3.2% of members) incurred 55% of FFS costs;
  - Members with claims \$25,000+ average \$106,744;
  - Members with claims <\$25,000 average \$2,823.

### **2017 IFEBP Conference-Roundtable**

The VEBA Board Members who attended the IFEBP conference in Las Vegas, Nevada reviewed their training feedback with the Board in its entirety. The group was in consensus that the Conference offered quality education and the keynote speakers delivered relevant information. They confirmed that based on recommendations in courses that VEBA is a leader in the health care industry.

### **Other:**

Brian Marshall communicated that Congress is considering action on employer-sponsored health care that may have a significant impact to VEBA, stating that taxing health care can lead to benefit reductions or cost-shifting to employees. As members of "The Alliance to Fight the 40", Mr. Marshall proposed that VEBA members should be enlightened on the health care taxation that may be included in the tax reform. After some discussion, the Board directed the Administrator to draft a "Don't Tax My Health Care" letter on behalf of the Co-Chairs to be sent to all VEBA members. The Board agreed that the collective voice of the 120,000+ VEBA members could have a powerful impact. Mr. Marshall also noted the importance of voting during the primary election, stating that choosing the candidate for the party's nomination is most important.

The Open-Session was adjourned at 5:58 p.m.

The next Open-Session meeting will be held on Wednesday, December 13, 2017, at 5:00 p.m.